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Harry R. Blackburn
& Associates, P.C. Attorneys at Law

*Michael J. Acosta**

November 20, 2006

*Of Counsel
Federico Calaf-LeGrand-***Also Admitted in NJ**~Admitted Only in PR**Direct Dial
Ext. 110**email: macosta@hrblackburn.com***Via Facsimile & First Class Mail**

K. Gerard Amadio, Esquire
 Venzie, Phillips and Warshawer
 2032 Chancellor Street
 Philadelphia, PA 19103

**Re: RLI Insurance Company
 v. Indian River School District, et al.
 United District Court for the District of Delaware
 Civil Action No. 1:05-cv-00858-JJF**

Principal: McDaniel Plumbing & Heating
Projects: Indian River School District
Your File Nos: 163615
Our File No.: 729.004

Dear Mr. Amadio:

Pursuant to our conversation last week, please allow this correspondence to provide you with a breakdown of RLI's damages incurred as a result of the above captioned litigation.

Damages

Paid Completion Costs	\$147,042.00
Investigation Costs	\$76,138.32.00
Overpayment	\$366,049.00
Contract Balance	\$308,608.00
TOTAL DAMAGES CLAIMED	\$897,837.32

This figure represents the amount of RLI's damages contained in their Initial Disclosure of August 31, 2006. Additionally, this amount does not include the interest as well any

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additional costs incurred since August 31, 2006.

If you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,



MICHAEL J. ACOSTA

MJA/cs

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